360 Degree Feedback Tool – Pros and Cons

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Abstract: **Performance appraisal is one of the main functions of human resource management to evaluate and measure employee's performance. Various different methods are used to measure performance of employees. In that, 360-degree feedback is a powerful multi-dimensional leadership development tool that draws upon the knowledge of people within a person's own circle of influence: supervisors, peers, and direct reports. It is widely used for development purpose; still most organizations also use it for administrative purposes. This paper shows the efficiency of 360-degree feedback through an in-depth research review that establishes when 360-degree feedback is effective and what conditions enhance or detract from its effectiveness.Various advantages and disadvantages of using this method is listed below. The available literature provides overview regarding how 360-degree appraisal method is beneficial for developing employee performance as an individual and development of firm as a whole as a result training and development leads to real opportunities for promotion within the company. Employees got motivated which results into better performance and better service.**

Keywords: **360-Degree Feedback, Leadership, Individual Development, Performance Appraisal.**

1. INTRODUCTION

For every organization employee is very important aspect as success and failure of organization is totally depend on the quality of employees.

360 degree appraisal process is used by mostly organizations as feedback comes from each and every sources coming into the contact of employee. Thus, it is also called as **multi-rater feedback** or **multi source assessment.** 360-degree feedback process will include feedback from an employee's subordinates, peers (colleagues), and supervisor(s), as well as a self-evaluation by the employee him or herself. Sometimes if needed feedback can also come from external sources i.e the one who interact with the employee, such as customers and suppliers or others interested.

Most commonly, organizations used this for development purpose as employees get broader view & review their performance, which makes them to list strength and weakness of their performances. Now a days, organizations are increasingly using 360-degree feedback in performance evaluations and employment decisions e.g., pay; promotions. When 360-degree feedback is used for performance evaluation purposes, it is sometimes called a "360-degree review."

There is great debate on the topic 360-degree feedback should be used exclusively for development or Evaluation purpose also. This is mainly due to feedback providers' motivations and subjectivity, and whether feedback providers have the ability to fairly evaluate the work and organizational objectives. These issues exist mainly when 360-degree feedback is used for development purposes, when employers use them for performance evaluation purposes, they can unfairly influence employment decisions. Appraisal under this method is done generally with the help of questionnaire which consist of list of competencies against which individual are ranked. Questionnaire generally contains aspects like communication, organization skills, teamwork, goal orientation, adaptability, decisiveness etc.

360 degree feedback is commonly used for

- Learning and Development of participants

- Succession planning, Appraisal

- Remuneration decisions

2. HISTORY

Feedback from subordinates to managers is called as 180 degree feedback and if feedback comes from all the sources like subordinates, peers, managers, and self is called as 360 degree appraisal. How this appraisal process introduced becomes clear from history.

In the beginning feedback of employees performance was totally, depend on boss not on their productivity. Thus, the appraisal system was full of bias because feedback was totally depended on their equation with boss.

Then in early 1950 term, Management by Objective Was introduced to practice. Management by objective (MBO) concentrated on working towards organizational objectivethen team objective or group objective. However, this was also not free from bias, as group member would be rated based on group performance not based on individual performance.

In mid 1960's and early 1970's, need for providing more accurate feedback was felt. Thus feedback from direct sources came into picture. Therefore, subordinates could tell how and what they felt about their manager's performance and it showed a positive impact on manger's performance.

In mid 1980's teamwork was encouraged and opinions from peers, boss and even customers were given importance. Targets were set for an individual and employees were told about what is exactly expected from them like this 360 degree feedback appraisal process was born.

Pros of 360-degree feedback:

I. Performance Improvement:

Feedback comes from different sources like subordinates, peers & customers. Thus,it helps individual to understand his strengths and weakness. In addition, what is exactly expected from him from performance point of view. That will lead to improvement in performance of employee.

II. Increases consistency in the performance:

Employees are more concern about how others think about them. This motivates them to perform better towards achieving organizational goal while performing better for organizational goal it will lead to achievement of their individual goal also. Thus, the employees will feel more content with their performance. All around feedback helps in improving consistency in the performance of Employees.

III. Builds openness and trust within Employees:

In 360 appraisals, feedback comes from different sources. Employees can openly tell what they feel about others performance.It helps individual to know where they are lacking in the performance and what their strengths are. This process involves managers, subordinates and peers, which helps to build openness and trust within employees.

IV. Participative work culture:

This system of feedback involves feedback from various sources that are in contact with employees. Thus, employee will maintain good relations with all. As a result, they will have better interpersonal relations within their departments and with the mangers. They will maintain good relations with their seniors and with customers. This kind of environment leads to participative work culture in an organization.

V. Achievement of organization goal:

This system of feedback creates awareness and spirit to compete among the employees. They tend to work hard to achieve their departmental goals and their personal goals in order to have a better performance ranking. The feedback is taken on certain parameters mentioned in a questionnaire. These parameters are generally same for employees of same level or same department or group. Thus the kind of work they are expected to do is also same. They direct their efforts towards achieving their personal goals and organizational goals. Their feedback also depends on how successful they were in achieving the organizational objective.

VI. Organization Development:

The organizations can use the collected data through feedback programs to monitor performance areas of weaknesses for employees within the organization.Thus the top management can be more effective and can design appropriate training

programs to overcome the weak areas of the employees. This will lead to improvement in the performance of employees of various departments and as a result, it will help to boost the overall performance of the organization.

VII. Leads to happy employees:

Employee feels more satisfied with their performance after they are reviewed by many sources and get a chance to improve their performance and sharp their skills through effective training. Additionally employee feel happy by giving their views about their superiors performance as their views are considered important and it creates a sense of belongings in them. After these employees can bring positive change in the working of the organization and they feel more valued it will help them stick to the organization for a longer time, results in reducing employee turnover.

VIII. Helps in improving customer service:

While appraising performance in 360 degree feedback customer views are also considered which in turn helps in improving customer service. With the help of this organization can understand needs and expectations of customers and they can take decisions accordingly to satisfy customer needs. If the customers are happy then his inputs can be used to improve the business of the organization and it will in turn improve the overall performance of the organization.

IX. Helps to improve employee management relations:

In traditional appraisal system, the feedback comes from the supervisor of the employee thus there are chances that he can be biased in his judgment. There are chances that he can give good rankings to those who are having good relationship with him or he can rank their performance on the basis of recent performance while employees expect rankings based on whole years performance. It can lead to create differences between superior and the subordinates. Where, the 360 degrees feedback creates an environment of trust. The employees feel more motivated if the feedback is positive. Employee feels more honest with each other and help each other.

X. Effective HR decisions:

In 360 degree feedback it encourages participation of all and thus makes HR decisions more effective. In this feedback comes from all levels including outsiders like customers and suppliers thus it will help to better understand needs and decisions can be taken accordingly.

Cons of 360 Degree Feedback:

i. Time-consuming process:

As compared to one-on-one communication, this is a more time consuming process. It consumes a lot of productive time of employees which can be utilized for other productive issues. As feedback comes from all sources it takes a lot of time to appraise the performance thus it is lengthy.

ii. Costly procedure:

This is more costly process as it comprises of the cost of questionnaires and technological inputs required for the process of feedback. These resources can be used for more productive purposes.

iii. Secondary motivator:

The performance rating is not the only motivation for high performance but it is the secondary reason for it. If a company is providing good working environment and is paying well to the employees, they get incentives, etc. for their performance than they themselves are motivated to work more.

iv. Employees may be hardworking:

It is not necessary that only those employees who get high scores from people will work hard. It actually depends on the nature of the employees. Some may be efficient from inside and some may not work hard even after getting a high score. So it's basically not the score which motivates the employees, there are many other factors which come into play.

v. Main aim is to increase productivity:

The main aim of the organization is not to obtain scores but to increase the overall productivity. The 360 degree provides the management with the scores but the problem of productivity still remains to be taken care of. It only ranks the productivity of the employees but ignores factors like how to reduce labor costs and wastage of time, etc.

vi. It is not a fair method to rate on same parameters:

An organization has number of employees. Some employees are top performers, innovators, game changers and pioneers,but rating parameters for employees are same. So it is very unfair to rate efficient and inefficient employees on same scale. Some departments have large number of employees but some have very few employees who may not be enough to make a feedback successful.

3. SUGGESTIONS

However, there are number of advantages of 360 degree appraisal but still there are some loopholes which need attention to work on it. These are some suggestions which I found suitable for it. The system should be more objective and specific it should not include any remark that will hurt any employees feelings.More importance should be given to the decisions after the feedback process is complete. It should not be the end result, care should be taken that improvement and training program should be taken as action. Proper care should be taken that process/ remarks should not hurt anybody's ego. Care should be taken while writing reports. Groupisim, favorism, internal politics should be discouraged as it can affect the appraisal system. Everybody in the organization should provide feedback seriously. There should be sense of commitment and loyalty while giving feedback and opinion. Honest opinion should be given about the performance without any fear of undesirable action.

4. CONCLUSIONS

After writing this paper and going through available research and literature. I conclude that 360 degree feedback is very useful process of appraisal. It was found that still the system is not used properly and its importance is not understood by organization. But if it's properly used it can actually lead to improvement in employees performance which in turn increases organization performance. If the criteria and performance measurement factors are not set properly according to the organization mission then the process will be wastage of time. Active participation of all employees makes a lot of difference. The system should also measure the leadership qualities of managers then only it will be useful in providing the managers with useful feedback.

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